

TREASURY



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**\$15 BILLION
TO HELP NATION'S LOW-INCOME COMMUNITIES**

New Markets Tax Credit Program Officially Opens

Washington, DC – The U.S. Department of the Treasury announced today the official opening of the \$15 billion New Markets Tax Credit (NMTC) Program. The NMTC Program is an important new community and economic development tool that will stimulate the economy of low-income communities by providing capital or loans to businesses that operate in these communities.

The NMTC permits individual and corporate taxpayers to receive a credit against Federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities, or CDEs. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Substantially all of the investment must in turn be used by the CDE in support of business activities in the low-income communities.

“Many see the New Markets Tax Credit as being the single-most powerful tool to come along in the community and economic development field in a long time,” said Tony T. Brown, Director of Treasury’s Community Development Financial Institutions (CDFI) Fund that administers the NMTC Program. Similar to the Low-Income Tax Credit’s affect on affordable housing development, the NMTC Program will revolutionize the field of community and economic development. Brown continued, “We believe that this program will attract billions of private sector capital into areas of our country where disinvestments and disenchantment with the economy have too long been the norm. The New Markets Tax Credit Program offers us a tremendous chance to focus needed resources on these communities.”

The CDFI Fund issued guidance on the CDE certification process and a request for CDE applications that will be published in Part VI of the Federal Register on Thursday, December 20, 2001. In addition, the IRS will issue regulations on the tax aspects of the program. Guidance on the tax credit allocation process and a request for applications for tax credit allocation will be published in the Federal Register in early 2002.

For more information please visit the CDFI Fund’s web site at: www.cdfifund.gov .

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